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SENATE

SENATE BILL No. 1395

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Prepared and submitted jointly by the Committees on Civil Service, Government Reorganization and Professional Regulation and Finance, with Senators Loren Legarda, Vicente C. Sotto III, Juan Miguel F. Zubiri, Gregorio B. Honasan II and Antonio "Sonny" F. Trillanes IV, as authors

AN ACT
RIGHTSIZING THE NATIONAL GOVERNMENT TO IMPROVE PUBLIC
SERVICE DELIVERY AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **Section 1. Short Title.** - This Act shall be known as "Rightsizing the National
2 Government Act."

3 **Section 2. Declaration of Policy.** - It is hereby declared the policy of the State to
4 promote and maintain effectiveness, efficiency and economy in the government, and enhance
5 institutional capacity to improve public service delivery, and to ensure the attainment of the
6 country's societal and economic development goals and objectives. Consistent with this, the
7 government shall focus its functions and resources on the essential role, scope, and level of
8 governance, and minimize, if not eliminate, redundancies, overlaps and duplications in its
9 operations and simplify its rules and regulations, and systems and processes.

10 **Section 3. Coverage.** - This Act shall cover all agencies of the Executive Branch,
11 including departments, bureaus, offices, commissions, boards, councils, and all other entities
12 attached to or under their administrative supervision, and Government-Owned or Controlled
13 Corporations (GOCCs) not covered by Republic Act (RA) No. 10149 (GOCC Governance
14 Act of 2011).

1 The Legislature, the Judiciary, Constitutional Commissions, and Office of the
2 Ombudsman may, within their respective authorized appropriations, likewise rightsize their
3 respective offices, consistent with the principles and guidelines contained in this Act.

4 Local Government Units (LGUs) may also rightsize their respective offices,
5 consistent with the governing principles and guidelines contained in this Act and the
6 provisions of RA No. 7160 (Local Government Code of 1991), and subject to their financial
7 capability.

8 The Governance Commission for GOCCs shall continue to exercise its authority
9 under RA No. 10149 to reorganize, merge, streamline, abolish or privatize any GOCC, in
10 consultation with the agency to which the GOCC is attached.

11 **Section 4. Governing Principles.** - The National Government shall implement a
12 Rightsizing Program in accordance with the following principles:

- 13 a) The role of government and the scope, level, and prioritization of government
14 activities shall be determined in accordance with the Constitutional mandate,
15 political and socio-economic objectives of the government, and available
16 resources;
- 17 b) Government shall establish a conducive policy environment to encourage
18 active private sector engagement in the production and delivery of goods and
19 services;
- 20 c) The delineation of responsibilities between the National Government and the
21 LGUs in the provision of goods and services shall be clearly defined,
22 consistent with the provisions of the Local Government Code of 1991 for
23 purposes of bringing services closer to the people;

- 1 d) A whole-of-government approach shall be adopted to ensure seamless
2 operations of agencies within and across sectors and to be more responsive to
3 public needs;
- 4 e) Government operations shall be simplified so that the agencies could focus on
5 the performance of their core functions and implementation of programs and
6 projects that will lead to the attainment of the desired sectoral and national
7 goals and outcomes;
- 8 f) Government systems and processes shall be simplified and modernized to
9 facilitate the delivery and upgrade the quality of frontline services, as well as
10 to improve policy formulation, planning and performance evaluation and raise
11 overall productivity of the public sector;
- 12 g) Government rules, procedures and requirements shall be rationalized to reduce
13 the regulatory burden on citizens, businesses and other stakeholders, as well as
14 reduce the administrative burden on the part of the government; and
- 15 h) The organizational structure of agencies shall be designed so as to facilitate
16 the effective, efficient and economical implementation of programs and
17 projects, and attainment of organizational outputs and outcomes, and the
18 appropriate staffing mix shall be determined based on the skills and
19 competencies required.

20 **Section 5. Authority of the President of the Philippines to Rightsize the**
21 **Operations of the Executive Branch.** - Pursuant to the governing principles, policies,
22 standards, and guidelines stipulated in this Act, the President is hereby granted the following
23 authority in the rightsizing of the operations of the different agencies of the Executive
24 Branch:

- 25 a) To pursue the following functional shifts/modifications:

- 1 a.1 Strengthen functions of the agency which directly contribute to the
2 targeted ultimate societal outcomes of the National Government and/or
3 the targeted sector/sub-sector outcomes of the agency;
- 4 a.2 Scale down, phase out, eliminate or discontinue functions, programs,
5 projects or activities that could be better carried out or undertaken by
6 the private sector, or have already been devolved to LGUs consistent
7 with the governing principles provided in this Act; and
- 8 a.3 Transfer/integrate functions from one agency to another which could
9 better perform the same.
- 10 b) To undertake the following organizational actions:
- 11 b.1 Regularize ad hoc offices whose functions are vital and significant,
12 thus must be continually undertaken by the government;
- 13 b.2 Merge or consolidate agencies whose functions are unnecessarily
14 overlapping or duplicating and could be undertaken by a single entity,
15 or clients are similar or related, to rationalize the use of government
16 resources;
- 17 b.3 Split agencies with multifarious functions which are deemed distinct
18 but equally important aspects of governance;
- 19 b.4 Transfer offices to other agencies where their functions are more
20 aligned; and
- 21 b.5 Abolish agencies (i) whose functions are already redundant or no
22 longer relevant or necessary, or could be better undertaken by another
23 entity; (ii) which are no longer achieving the objectives and purposes
24 for which they were originally created; (iii) which are not cost-
25 effective since they do not generate the desired level of outputs and

1 outcomes vis-à-vis the resource inputs; and/or (iv) which have already
2 become non-operational or dormant and/or outlived their purpose.

3 c) To undertake other functional/organizational actions, as necessary, consistent
4 with the policies, principles, framework and standards of this Act.

5 d) To develop and provide safety nets, including their implementation strategies,
6 for employees of agencies who may be affected by the government's
7 rightsizing efforts.

8 e) To formulate an Organizational Development Program to strengthen the
9 institutional capacity of the agencies and improve productivity of employees.

10 **Section 6. Creation of a Committee on Rightsizing the Executive Branch. -**

11 A Committee on Rightsizing the Executive Branch is hereby created to oversee the
12 implementation of the Rightsizing Program, in accordance with the provisions of this Act.

13 The Committee shall be composed of the Executive Secretary as Chairman, and the
14 Secretary of Budget and Management as Co-Chairman, with the Secretary of Socio-
15 Economic Planning, Chairperson of the Civil Service Commission (CSC), and the Head of
16 the Presidential Management Staff, as members.

17 The Committee shall be organized within fifteen (15) days from the effectivity of
18 this Act.

19 The Committee shall also organize Sub-Committees composed of experts on
20 government operations, organizational development, and human resource management to
21 assist in the performance of its functions.

22 The Department of Budget and Management (DBM) shall provide the necessary
23 secretariat services to the Committee and its Sub-Committees.

1 In the spirit of transparency and participatory governance, the Committee shall
2 consult the agencies concerned, accredited public sector unions and other stakeholders
3 relative to the implementation of the Executive Branch's Rightsizing Program.

4 **Section 7. Powers and Functions of the Committee on Rightsizing the**
5 **Executive Branch.** - The Committee shall have the following powers and functions:

- 6 a) To develop the policies, framework, strategies and mechanisms to be adopted
7 in the implementation of the Executive Branch's Rightsizing Program;
- 8 b) To conduct studies on the functions, programs, projects, operations, structure
9 and manpower complement of the different agencies;
- 10 c) To develop and prepare the rightsized organizational structure of agencies
11 concerned and the corresponding executive issuances for approval by the
12 President, in accordance with the provisions of Section 5 of this Act;
- 13 d) To develop and prepare the overall Change Management Program, including a
14 Communication Plan, to effectively manage the transition and ensure the
15 smooth implementation of the Rightsizing Program;
- 16 e) To formulate the mechanisms to safeguard the welfare of employees who may
17 be affected by the rightsizing efforts, as well as the appropriate Organizational
18 Development Program, for approval of the President;
- 19 f) To monitor the implementation by the different agencies of their respective
20 approved Rightsizing Plans, and report to the President any issue that must be
21 addressed;
- 22 g) To engage the services of experts/consultants, through the DBM, to assist the
23 Committee and its Sub-Committees in the performance of their functions; and
- 24 h) To formulate the implementing rules and regulations (IRR) of this Act.

1 **Section 8. Submission of the Rightsized Organizational Structure and Proposed**
2 **Executive Issuances to the President.** - The Committee on Rightsizing the Executive
3 Branch shall submit to the President the rightsized organizational structure of agencies
4 concerned and the corresponding executive issuances within two hundred fifty (250) days
5 from the effectivity of the IRR of this Act.

6 **Section 9. Submission of the Detailed Organizational Structure and Staffing to**
7 **the DBM.** - Agency Heads shall prepare and submit to the DBM the detailed organizational
8 structure and staffing of their respective agencies within ninety (90) days after the approval of
9 the proposed executive issuances by the President.

10 **Section 10. Retirement Benefits and Separation Incentives for Personnel Who**
11 **May be Affected by the Executive Branch's Rightsizing Program.** - The affected
12 personnel, whether hired on a permanent, temporary, casual or contractual basis and with
13 appointments attested by the CSC, shall be entitled to retirement benefits and separation
14 incentives.

15 **10.1** The affected personnel shall be given the option to avail themselves of any of
16 the following retirement benefits under existing laws, if qualified:

- 17 a) Retirement gratuity provided under RA No. 1616 (An Act Further
18 Amending Section Twelve of Commonwealth Act Numbered One
19 Hundred Eighty-Six, as Amended, By Prescribing Two Other Modes of
20 Retirement and for Other Purposes), as amended; or
- 21 b) Retirement benefit under RA No. 660 (An Act to Amend
22 Commonwealth Act Numbered One Hundred and Eighty-Six Entitled
23 "An Act to Create and Establish a Government Service Insurance
24 System, to Provide for its Administration, and to appropriate the

Necessary Funds Therefor,” and to Provide Retirement Insurance and for Other Purposes); or

- c) Retirement, separation or unemployment benefit provided under RA No. 8291 (An Act Amending Presidential Decree No. 1146, as Amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance System, Instituting Reforms Therein and for Other Purposes).

The retirement gratuity benefit of affected personnel who are qualified and have opted to avail themselves of RA No. 1616 shall be paid by the Government Service Insurance System (GSIS). The GSIS shall no longer pay the refund of retirement premiums (both personnel and government shares) of the affected personnel who will opt to avail of RA No. 1616 benefits.

10.2 In addition to said retirement benefits, the affected personnel who would opt to retire or be separated shall be entitled to the following applicable separation incentives:

- a) **½ of the actual monthly basic salary** for every year of government service, for those who have rendered less than 11 years of service;
- b) **¾ of the actual monthly basic salary** for every year of government service, computed starting from the 1st year, for those who have rendered 11 to less than 21 years of service;
- c) **the actual monthly basic salary** for every year of government service, computed starting from the 1st year, for those who have rendered 21 to less than 31 years of service; and

1 d) **1 ¼ of the actual monthly basic salary** for every year of government
2 service, computed starting from the 1st year, for those who have rendered
3 31 years of service and above.

4 The actual monthly basic salary shall refer to the salary of the affected
5 personnel as of the date of approval of the detailed organizational structure
6 and staffing by the DBM.

7 A minimum of five (5) years of government service is required in order for an
8 affected personnel to be entitled to avail of the Program's separation incentives
9 under Section 10.2 of this Act.

10 PROVIDED: That for the purpose of computing the total amount of separation
11 incentives that an affected personnel would receive, only his/her government
12 service up to age 59 and a fraction thereof would be counted. Government
13 service starting at the age 60 would no longer be subject to the separation
14 incentives provided herein, without affecting the original incentive factor
15 determined as applicable based on the actual years of service of the affected
16 personnel.

17 PROVIDED FURTHER: That for the purpose of complying with the required
18 number of years of service under RA No. 8291, the portability scheme under
19 RA No. 7699 (An Act Instituting Limited Portability Scheme in the Social
20 Security Insurance Systems by Totalizing the Workers' Creditable Services or
21 Contributions in Each of the Systems) may be applied, subject to existing
22 policies and guidelines.

23 The affected personnel, if with permanent appointment attested by the CSC, who will
24 not opt to retire from the service shall be placed in a manpower pool to be organized and
25 administered by the CSC. The CSC, in coordination with other government agencies and

1 relevant private institutions, shall retool the subject affected personnel and deploy them to
2 agencies which require their qualifications, skills and competencies.

3 The number of personnel who will avail of the separation incentives under Section
4 10.2 of this Act shall in no case exceed the number of positions declared for abolition.

5 The specific guidelines to carry out the provisions of this Section shall be prescribed
6 in the IRR of this Act.

7 **Section 11. Other Benefits of Retired/Separated Personnel.** - The affected
8 personnel who retired/separated shall, in addition to the applicable benefits above, be entitled
9 to the following:

10 a) Refund of Pag-IBIG Contributions - all affected personnel who are members
11 of the Pag-IBIG shall be entitled to the refund of their contributions (both
12 personal and government), pursuant to existing rules and regulations of the
13 Home Development Mutual Fund; and

14 b) Commutation of Unused Vacation and Sick Leave Credits - all affected
15 personnel shall be entitled to the commutation of unused vacation and sick
16 leave credits in accordance with existing rules and regulations.

17 **Section 12. Period of Availability of the Retirement Benefits and Separation**
18 **Incentives.** - The retirement benefits and separation incentives provided in this Act shall be
19 available within sixty (60) days upon approval by the DBM of the detailed rightsized
20 organizational structure and staffing of agencies concerned.

21 **Section 13. Prohibition on Reemployment of Personnel Retired/Separated from**
22 **the Service.** - Affected personnel who retired/separated from the service as a result of the
23 implementation of the Rightsizing Program shall not be reemployed in any agency of the
24 National Government, including in GOCCs, for a period of five (5) years, except as teaching
25 or medical staff in educational institutions and hospitals, respectively.

1 The reemployment of retired/separated personnel under the Program within the
2 prohibited period shall cause the refund of the separation incentives received by the subject
3 personnel under Section 10.2 of this Act on a pro-rated basis.

4 The engagement of consultancy services by government personnel who retired or
5 were separated as a result of the rightsizing efforts shall be governed by Section 7 of
6 RA No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees).

7 **Section 14. Joint Congressional Oversight Committee on the Rightsizing**
8 **Program.** - There is hereby created an Oversight Committee to oversee, monitor and
9 evaluate the implementation of this Act.

10 The Oversight Committee shall be composed of five (5) members each from the
11 Senate and from the House of Representatives, which shall include representatives of the
12 Senate Committee on Civil Service, Government Reorganization and Professional
13 Regulation, and the House Committee on Government Reorganization.

14 **Section 15. Conduct of an Impact Assessment.** - The DBM shall commission the
15 conduct of an independent impact assessment on the Executive Branch's Rightsizing
16 Program three (3) years from its completion to, among others, determine the effects of, and
17 gains from, the implementation of the Program.

18 **Section 16. Report to Congress.** - The President shall submit a report to Congress on
19 the results of the Program after the completion of its implementation.

20 **Section 17. Sunset Provision.** - The authority given to the President under this Act,
21 as well as the existence of the Committee on Rightsizing the Executive Branch, shall end
22 three (3) years after the effectivity of this Act.

23 **Section 18. Implementing Rules and Regulations.** - The Committee on Rightsizing
24 the Executive Branch shall formulate the necessary IRR within thirty (30) days from the

1 organization of the Committee. Such rules and regulations shall take effect fifteen (15) days
2 after its publication in a newspaper of general circulation.

3 **Section 19. Provisions Applicable to Other Branches of Government,**
4 **Constitutional Commissions, Office of the Ombudsman, and the LGUs.** - The governing
5 principles, policies, standards, and guidelines, as well as the conditions and limitations
6 provided in this Act, shall be followed in the implementation of the Rightsizing Program by
7 other branches of government, Constitutional Commissions, Office of the Ombudsman, and
8 the LGUs.

9 The heads of said offices shall issue their respective IRR and furnish a copy thereof to
10 the Senate Committee on Civil Service, Government Reorganization and Professional
11 Regulation, the House Committee on Government Reorganization, and the DBM.

12 **Section 20. Funding Requirements.** - The amount necessary for the initial
13 implementation of this Act shall be sourced against any applicable appropriation items under
14 the current General Appropriations Act. Subsequent amount needed to continue the
15 implementation of the National Government's Rightsizing Program shall be included in the
16 succeeding appropriations.

17 **Section 21. Separability Clause.** - If any provision of this Act is declared
18 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full
19 force and effect.

20 **Section 22. Repealing Clause.** - All laws, decrees, executive orders, rules and
21 regulations, and other issuances or parts thereof which are inconsistent with this Act are
22 hereby repealed, amended or modified accordingly.

23 **Section 23. Effectivity.** - This Act shall take effect fifteen (15) days after its
24 publication in at least two (2) newspapers of general circulation.

Approved,